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Annual
Report

Anglo-Canadian Pulp
and Paper Mills Limited

Burpee

J. H.



**ANGLO-CANADIAN
PULP AND PAPER MILLS, LIMITED
SES FILIALES ET UNE COMPAGNIE AFFILIÉE**

**Anglo-Canadian
Pulp and Paper Mills, Limited**

**Etat combiné de la provenance
et de l'utilisation des fonds**

Pour les six mois terminés le 30 juin
(non vérifié)

Aux Actionnaires

Les bénéfices nets pour les six mois terminés le 30 juin 1972 se sont élevés à \$1,447,000 comparativement à \$1,367,000 pour la période correspondante de 1971.

Les ventes ont atteint la somme de \$58,576,000 soit une augmentation de \$5,206,000 sur la période correspondante de 1971 due principalement à l'augmentation des ventes du papier journal et des produits transformés ainsi qu'à une amélioration dans les prix. Cependant, ces bénéfices furent presque entièrement neutralisés par les coûts plus élevés de la main d'œuvre et du matériel. Nous continuons à limiter les dépenses d'immobilisations aux remplacements essentiels et aux projets améliorant les produits vendus ou contribuant à réduire les coûts.

Québec, P.Q. W. E. SOLES
le 19 juillet 1972 *Président et directeur général*

Etat combiné des bénéfices

Pour les six mois terminés le 30 juin
(non vérifié)

	1972	1971
	en milliers de dollars	en milliers de dollars
Ventes	\$ 58,576	\$ 53,370
Coût des ventes, y compris les dépenses d'administration, de vente, et les frais généraux	53,027	47,854
Amortissement et épuisement	2,765	2,844
Intérêts sur la dette à long terme	763	847
Bénéfices d'exploitation divers	2,021	1,825
Revenus divers	382	323
Bénéfices avant déduction des impôts sur le revenu extraordinaire	2,403	2,148
Impôts sur le revenu	1,085	1,095
Bénéfices ayant poste extraordinaire	1,318	1,053
Réduction d'impôts sur le revenu provenant d'un report de pertes encourues antérieurement par la compagnie affiliée combinée	129	314
Bénéfices nets	\$ 1,447	\$ 1,367

	1972	1971
	en milliers de dollars	en milliers de dollars
PROVENANCE DES FONDS		
Bénéfices nets	\$ 1,447	\$ 1,367
Dépenses ne nécessitant aucun déboursé:		
Amortissement et épuisement	2,765	2,844
Impôts sur le revenu reportés	(61)	255
Fonds provenant de l'exploitation	4,151	4,466
Bénéfice au rachat d'actions privilégiées	13	37
Hypothèques et billets	—	515
Autres postes — net	66	84
	4,230	5,102
UTILISATION DES FONDS		
Additions aux immobilisations	783	1,374
Diminution de la dette à long terme	1,472	1,427
Rachat de 1,000 actions privilégiées 4½%	25	80
Dividendes sur les actions privilégiées et ordinaires	1,189	1,196
Autres postes — net	—	—
	3,469	4,077
AUGMENTATION DU FONDS DE ROULEMENT	\$ 761	\$ 1,025
Par action ordinaire (après dividende privilégié):		
Bénéfices avant poste extraordinaire	20¢	15¢
Bénéfices nets	\$ 23¢	\$ 21¢

ANGLO-CANADIAN
PULP AND PAPER MILLS, LIMITED
SUBSIDIARIES AND AFFILIATED COMPANY

Combined source and
application of funds

For the six months ended June 30 (unaudited)

AR54

To the Shareholders

Net earnings for the six months ended June 30, 1972 were \$1,447,000 compared with \$1,367,000 for the same period in 1971.

Sales of \$58,576,000 are \$5,206,000 higher than the comparable period in 1971. This increase was due mainly to increased sales of newspaper and converted products coupled with some price increases. This benefit was almost entirely offset by higher costs of labour and material.

We are continuing to limit expenditures on fixed plant and equipment to essential replacements and projects producing product improvement or cost savings.

Quebec, P.Q. W. E. SOLES
July 19, 1972 President and General Manager

Combined Earnings

For the six months ended June 30 (unaudited)

	1972	1971
	thousands of dollars	
Sales	<u>\$ 58,576</u>	<u>\$ 53,370</u>
Cost of sales including administrative, selling and general expenses	53,027	47,854
Depreciation and depletion	2,765	2,844
Interest on long term debt	763	847
Earnings from operations	<u>56,555</u>	<u>51,545</u>
Other income	382	323
Earnings before income taxes and extraordinary item	2,403	2,148
Taxes on income	1,085	1,095
Earnings before extraordinary item	1,318	1,053 X
Income tax reduction due to loss carry-over of combined affiliated company	129	314
Net earnings	<u>\$ 1,447</u>	<u>\$ 1,367</u>
Per common share (after preferred dividends):		
Earnings before extraordinary item	20¢	15¢
Net earnings	<u>23¢</u>	<u>21¢</u>

SOURCE OF FUNDS

Net earnings	\$ 1,447	\$ 1,367
Charges not requiring an expenditure of funds:		
Depreciation and depletion	2,765	2,844
Deferred income taxes	(61)	255
Funds provided from operations	4,151	4,466
Gain on retirement of preferred shares	13	37
Mortgages and notes	—	515
Other items — net	66	84
	<u>4,230</u>	<u>5,102</u>

APPLICATION
OF FUNDS

Additions to fixed assets	783	1,374
Reduction in long term liabilities	1,472	1,427
Retirement of 1,000 4 1/2% preferred shares	25	80
Dividends on common and preferred shares	1,189	1,196
Other items — net	—	—
	<u>3,469</u>	<u>4,077</u>
WORKING CAPITAL INCREASE	<u>\$ 761</u>	<u>\$ 1,025</u>

Rapport financier intérimaire
Pour les six mois terminés le 30 juin 1972

Directors and Officers

as at March 31, 1973

Directors

R.W. Billingsley
President and Chief Executive Officer
H.W. Broad
Deputy Chairman (Finance)
Reed International Limited
J.R. Craig
President and Deputy Chairman
Reed Paper Group Canada Holdings Ltd.
M.J. Foley
Vice-President
K.D. Greaves
Vice-President, Operations
Hazen Hansard, Q.C.
Chairman of the Board of Directors
Partner: Ogilvy, Cope, Porteous, Hansard,
Marler, Montgomery & Renault
(Barristers and Solicitors)
A.C. Hill
Vice-President, Marketing
K.S. Howard, Q.C.
Partner: Ogilvy, Cope, Porteous, Hansard,
Marler, Montgomery & Renault
(Barristers and Solicitors)
T.S. Jones
Vice-President, Planning and
Administration
M.J. Lilley
Vice-President
Reed Paper Group Canada Holdings Ltd.
J.A. Ross
Vice-President, Finance
Sir Don Ryder
Chairman and Chief Executive
Reed International Limited
Renault St-Laurent, Q.C.
Partner: St-Laurent, Monast, Desmeules,
Walters & Dubé
(Barristers and Solicitors)
P.H. Sykes
Deputy Chairman (Technical)
Reed International Limited
J.Winn
Vice-President

Officers

Chairman of the Board:
Hazen Hansard, Q.C.
President and Chief Executive Officer:
R.W. Billingsley
Vice-President and General Manager,
Technical Division:
R.C. Buser
Vice-President:
M.J. Foley
Vice-President, Operations:
K.D. Greaves
Vice-President, Marketing:
A.C. Hill

Vice-President, Planning and
Administration:

T.S. Jones

Vice-President, Finance:
J.A. Ross

Vice-President:
J.Winn

Secretary-Treasurer:
W.D. King

Assistant Treasurer:
W.I. Richardson

Assistant Secretary:
J.J. Ward

Registrar and Transfer Agent

For Common and Preferred Shares,
Montreal Trust Company
Quebec, Montreal, Toronto, Winnipeg,
Vancouver and Halifax

Auditors

Peat, Marwick, Mitchell & Co.

Annual Meeting

The Annual General Meeting of
Shareholders will be held at the
Head Office of the Company,
des Capucins Blvd., Quebec City, P.Q.
at 3.00 p.m., Friday, April 27, 1973

**ANGLO-CANADIAN
PULP AND PAPER MILLS, LIMITED
SUBSIDIARIES AND AFFILIATED COMPANY**

To the Shareholders

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Quebec, P.Q. W. E. SOLES
July 19, 1972 President and General Manager

Combined Earnings

For the six months ended June 30 (unaudited)

	1972	1971	
	thousands of dollars		
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Per common share (after preferred dividend) :			
Earnings before extraordinary item	20¢	15¢	
Net earnings	23¢	21¢	

Combined financial statements

For the six months ended June 30, 1972

- 3 Directors and Officers
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APPLICATION OF FUNDS

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WORKING CAPITAL INCREASE

Directors and Officers

as at March 31, 1973



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President and
Chief Executive Officer
Anglo-Canadian Pulp
and Paper Mills, Limited

Directors

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President and Chief Executive Officer

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Vice-President

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Vice-President, Operations:
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Administration:

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The Anglo-Canadian Organization

Highlights

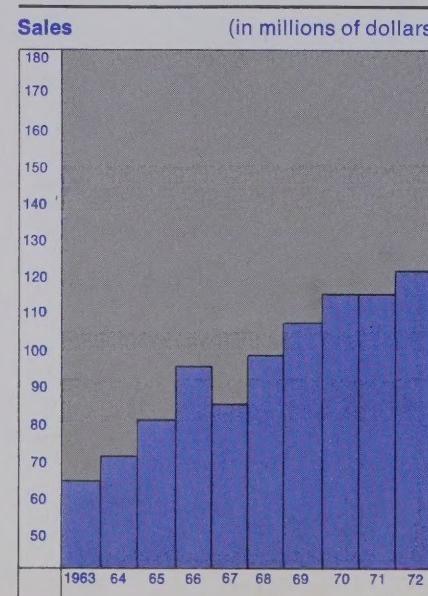
Production (tons)		1972	1971	Change %
Quebec Mill	Newsprint	338,161	316,750	6.8
	Unbleached Sulphite Pulp	33,190	35,718	(7.1)
	Paperboard	27,122	27,996	(3.1)
Dryden Mill	Bleached and Unbleached Kraft Pulp	126,730	103,396	22.6
	Kraft Paper and Fine Papers	67,543	64,551	4.6
Toronto Mill	Liner and Corrugating Medium	24,862	23,430	6.1
Total Pulp, Paper and Paperboard		617,608	571,841	8.0
Converting and Packaging		93,446	89,554	4.3
Chemicals	Dryden (Chlorate, Chloralkali and Muriatic Acid)	27,758	24,232	14.6
	Quebec (Lignosulphonates)	31,536	32,413	(2.7)
Lumber — board feet (000's)		24,183	16,542	46.2
Financial				
Sales		\$125,401,609	\$113,523,028	10.5
Earnings before Extraordinary Items		\$ 2,555,934	\$ 2,112,710	21.0
Net Earnings		\$ 2,681,332	\$ 2,553,735	5.0
Per Common Share	Earnings before extraordinary items	\$ 0.39	\$ 0.31	25.8
	Net Earnings	\$ 0.42	\$ 0.39	7.7
	Cash Flow	\$ 1.55	\$ 1.67	(7.2)
	Dividends	\$ 0.36	\$ 0.36	—
Capital Expenditure		\$ 2,698,736	\$ 3,934,471	(31.4)
Working Capital		\$ 29,286,637	\$ 28,906,062	1.3

The Organization employs approximately six thousand people, and sales in 1972 exceeded \$125,000,000.

Its stock is traded on the Toronto and Montreal stock exchanges, and 90% of its common shares are held by Reed Paper Group Canada Limited, a subsidiary of Reed International Limited, of London, England.

- Newsprint
- Sulphite and Kraft pulp
- Bleached and unbleached Kraft papers
- Paperboard
- Fine papers
- Corrugated boxes
- Paper bags
- High density plastic bags
- Lumber
- Commodity and specialty chemicals

The Recycling Division buys secondary fibres for recycling by companies within the organization and for resale.



Analysis of Sales	1972
Newsprint	\$42,807,000
Paper and Paperboard	19,846,000
Pulp	19,247,000
Corrugated Containers	22,116,000
Paper Bags, Plastic Bags and other Specialty Products	14,934,000
Lumber	2,991,000
Chemicals	3,461,000
Total	\$125,402,000

Report of the Directors to the Shareholders of the Company

Review 1972

1972 was marked by a clear resurgence in the demand for products produced by the pulp and paper industry. Anglo experienced an increase of 10.5% in the dollar volume of sales. The improvement is mainly attributable to increased volume since reduced prices for some products and the adverse effect of the strengthening Canadian dollar in relation to the U.S. dollar virtually offset the benefit of higher prices for newsprint, lumber and some other products.

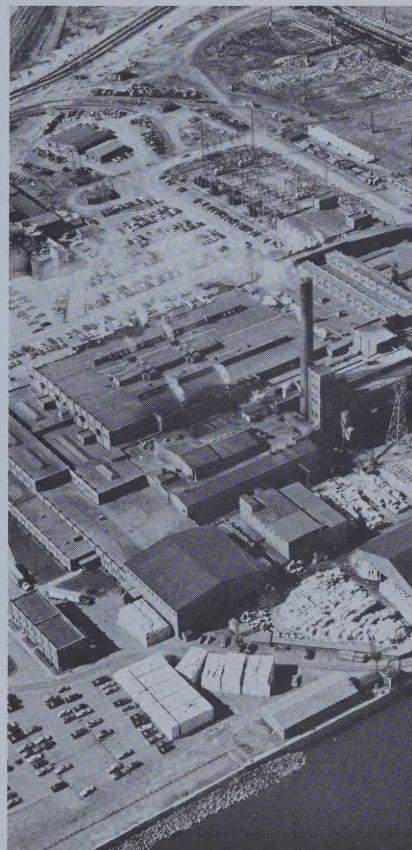
Newsprint sales were up approximately 30,000 tons compared to 1971 and marginal price increases were experienced. Kraft pulp shipments increased by approximately 27,000 tons. Here, prices tended to lag behind the increase in demand and it was not until 1973 that the levels of December 1971 were regained.

In other areas of the company's operations, gains were made both in sales and in earnings. In particular, the lumber market continued buoyant and full advantage was taken of the company's increased capacity which came into operation during the year.

The return on capital employed continues to be unsatisfactory. Part of this is a result of rising costs which were not compensated for by corresponding increases in price. While Anglo's return on investment is typical of the Eastern Canadian Industry, it must be remembered that this industry competes in world markets against U.S. and Scandinavian producers who receive considerably more support from their governments. For instance, at the present time, it has been estimated that the U.S. Pulp and Paper Industry enjoys as much as a 15% tax advantage over its Canadian competition.

The Eastern Canadian Industry also labours under a heavy burden of indirect charges such as fuel tax when operating on its own roads, higher freight rates, federal tax on building materials, and higher costs for electrical power.

This combination results in higher production and transportation costs which put the industry at a disadvantage vis-a-vis its competition in other parts of the world. The Eastern Canadian Industry suffers more than its competition in poor years, and is slow to benefit from a worldwide recovery such as was seen at the end of 1972.



Anglo-Canadian Pulp and Paper Mills Limited,
Quebec City

It is disappointing that in the face of increasing demand for industry products, procurement of virgin fibre is growing more and more difficult. The Industry in the Provinces of Quebec and the Maritimes began in 1972 to feel the pinch of a wood shortage, resulting from its inability to obtain enough manpower to operate its woods operations. At the close of the year, Anglo's Quebec operations had approximately 250 vacancies in the woods, and this in an area which has an unemployment level exceeding 10% and where one out of three families receives some sort of government assistance.

During the year 1972 Mr. W. E. Soles retired as President and General Manager and as a member of the Board of Directors. He joined the Company in 1935 and was elected President in 1958.

Mr. Soles gave unstintingly of himself in his 37 years with the Company and made a significant contribution to its growth and

success. He had influence far beyond the walls of this Company, playing a major role in the development of the entire Canadian Pulp and Paper Industry. His counsel and guidance will be deeply missed, not only by the Board but also by his fellow employees.

Mr. R. W. Billingsley, Executive Vice-President of the Company was elected President and Chief Executive Officer. Mr. Billingsley was also elected to the Board of Directors.

Mr. B. D. Rose tendered his resignation from the Board of Directors. His loyal and valuable service rendered to the Company during his tenure as a director has been much appreciated.

Messrs. K. D. Greaves, M. J. Lilley and J. A. Ross joined the Board of Directors to fill the vacancies resulting from resignations and the increase in the Board authorized at the last annual general meeting of shareholders.

Outlook 1973

In view of the continuing strong demand for the company's products and the price increases already in effect or anticipated, earnings should continue to improve in 1973. The company will not be satisfied, however, with the benefits arising solely from the current buoyant markets for its regular products. Efforts aimed at profitability improvement will be made in a number of directions.

Considerable work is underway currently, aimed at optimizing profit from existing facilities. It is estimated that an expansion of capacity by as much as 5% is possible through the introduction of new equipment and other operating efficiencies. Indeed, new records for both newsprint and bleached Kraft production were achieved in the first quarter of 1973.

Operating costs are under continuous examination and economies are being effected. Man-day productivity was increased in 1972, and a further increase is forecast for 1973.

The improved demand for products provides an opportunity to upgrade mill net backs and to concentrate marketing efforts on those products providing the best return.

Financial Review

Activity Review 1972

A considerably higher level of capital expenditure is planned for 1973. The emphasis, however, will continue to be on projects to improve efficiency or on essential replacement of existing facilities.

At the same time, Anglo is actively searching out new opportunities for profitable investment with the longer term objective of reducing its degree of dependence on the highly cyclical primary products that make up the bulk of its current activities.

The fibre shortage is believed to be a long term problem and Anglo has embarked upon a program of roundwood substitutes.

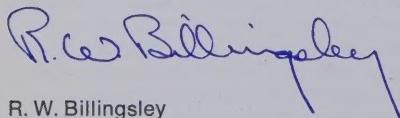
Effective December 29, 1972, Anglo acquired the balance of the shares of Krever Fibres Limited, a Toronto based company. The intent is to use this company as a base for expansion in the promising field of secondary fibre recycling.

The internal restructuring and reorganization of the company's management, which was begun in 1972, will be completed in 1973.

It is believed that these measures will strengthen the company considerably and that they, combined with the increased demand for its products, will assure the company of an excellent year.

The Directors express appreciation to shareholders and customers for their continued support and to employees for their efforts in 1972.

On behalf of the Board,



R. W. Billingsley
President and Chief Executive Officer

Sales for the year totalled \$125,401,609 – an increase of 10.5% from the results recorded in 1971. This improvement may be almost entirely attributed to a substantial rise in volume of products sold, particularly newsprint, Kraft pulp, corrugated products, and lumber. Price increases in newsprint and lumber were substantially offset by the decrease in Kraft pulp prices and by the unfavourable changes in the value of the U.S. dollar in relation to the Canadian dollar.

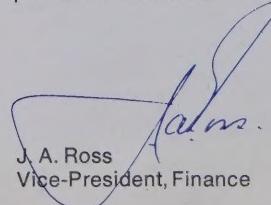
- Earnings before extraordinary items amounted to \$2,555,934 – an improvement of \$443,224 when compared with 1971. The ratio of earnings to sales was approximately 2% and represents a modest improvement on 1971. The improvement in earnings is mainly attributable to the increased volumes of product sold.

The dividend on the common shares was maintained at 36¢ per share, a continuation of the rate that has been paid for the last five years. The total preferred and common dividends amounted to \$2,371,912 and after deduction of these amounts, a small balance of \$410,941 was added to retained earnings which now stand at \$35,505,513.

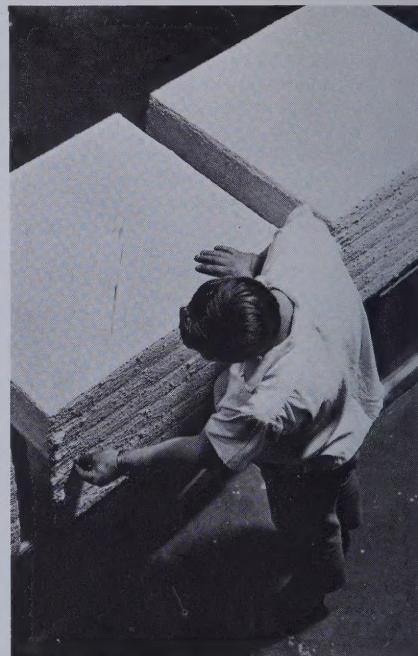
Capital expenditures in 1971 totalled \$2,698,736 and are the lowest in the last ten years. The unfavourable economic climate that has prevailed in the industry in recent years has dictated a cautious approach to capital investment. Accordingly, 1972 expenditures were limited to essential replacements and projects that were oriented to cost reduction and improvement in product quality.

Some years ago, a 50% interest was purchased in the shares of Krever Fibres Limited, a major trader in secondary fibres. At the close of 1972, the remaining 50% interest in this company was acquired and accordingly the assets and liabilities of this company are included in the combined financial position at December 31, 1972.

Working capital amounted to \$29,286,637, about the same as in 1971. Inventory levels decreased from 1971 by \$3,442,346 mainly as a result of reduced pulpwood inventories caused partly by difficulties in procuring pulpwood in the Quebec region as a direct consequence of the shortage of woodlands labour which prevails in that area.



J. A. Ross
Vice-President, Finance



Dryden Nu-Dry unbleached Kraft pulp



Pulpwood pile



Newsprint being loaded for shipment

Newsprint

1972 saw an increase in newsprint sales of approximately 30,000 tons over 1971. Despite a strongly competitive atmosphere for the first three quarters of the year, it was decided not to curtail newsprint production.

This resulted in a considerable inventory build-up, but placed the company in an excellent position to exploit the dramatic market turnaround which took place in the latter part of the year.

Marginal price increases were realized in all markets, during the first quarter. Despite the resurgence in the market in the fourth quarter there were no further price increases in 1972. However, early 1973 saw the announcement of price increases in all markets.

There was continued growth in the demand for offset and lightweight grades of newsprint which accounted for 30% of total production. Efforts to increase production and improve quality were continued with the result that early in 1973, two weekly production records were set at the Quebec Mill.

Pulp

The outlook at the beginning of 1972 for Kraft pulp was bleak, with a first quarter downward price adjustment on fully bleached Kraft of \$7.00 a ton, and sharply reduced demand in all markets.

Again it was decided to build inventory, and by the fourth quarter the market picked up and demand exceeded capacity, resulting in the reduction of inventories to below normal levels.

Prices however, were slow to improve and it was not until 1973 that prices began to return to December 1971 levels.

Here too, efforts to maximize production were continued and during the first quarter of 1973, Dryden set a new daily production record.

Lumber

Lumber markets were buoyant throughout the year and the strong demand was reflected in rising prices. There is every indication that demand for lumber will remain strong and that prices will be firm for the greater part of 1973. Production increased 46% to 24,183,000 board feet in 1972. During the year, the annual capacity of the saw mill was raised to 35,000,000 board feet and late in 1972, a new dry kiln was installed to dry 85% of this production.

Fine Paper, Kraft Papers & Paperboard

Improvement in demand for fine papers became apparent early in the year and sales in this area continued to expand. Price increases were obtained in the second quarter and the company's performance in this area continued strong through most of the year, despite unfavour-

able duty reclassifications by U.S. Customs and the continued presence in the market of aggressive U.S. competition.

Marketing of Kraft papers was concentrated in the bleached grades with some price increases being realized during the year.

Paperboard sales were approximately the same as those of the previous year and limited only by machine capacity. Paperboard prices increased by 3%, which represented the only major adjustment in prices throughout the year. To increase profitability, there was a continuing move to those grades and markets offering the highest profitability.



Lab technician Dryden Chemicals

Chemicals

Sales of lignosulphonates produced by the Lignosol Chemicals operation increased by slightly over 6%. Since this increase in sales was almost exclusively in the more profitable product areas, the rate of increase in earnings was greater than the growth rate in sales. Significant increases were made in the distribution of the new dye dispersant material which was first introduced in 1968.

Although the sales of bleaching chemicals from the Dryden Chemical Plant were somewhat reduced during the early part of the year, the turnaround in the Canadian pulp industry resulted in substantial recovery of this operation with sales exceeding 1971 levels.

Corrugated Board and Containers

Sales in the corrugated container division continued to grow with an increase of 14.1% over 1971 as compared with a market growth rate of 12.8% for the Eastern Canadian sector. A good measure of this was attributable to a more aggressive posture in the Quebec area where our market share continued its steady growth. Ontario managed to maintain its position despite the introduction of three new box plants in the Metropolitan Toronto area.

There were two price increases in the industry during the year – 6% in May, and a further 4% in late October.

New Organization

The board mill operation functioned at close to peak capacity with total tonnage at 24,862 short tons, up from 23,430 in 1971. This was primarily due to the increase in drying capacity on the No. 2 machine that was effected late in 1971.



Paperboard machine

Converting and Distributing

Sales and profits in the Converting and Distributing Division increased.

The Winnipeg operation, Woods-Dryden, did particularly well, chiefly as a result of reduced manufacturing costs and increased sales.

The Eastern based operations of Anglo Packaging had a poor year, with profits declining from the 1971 level. This profit decline was due mainly to losses totalling \$125,000 resulting from the gummed tape operations, since discontinued, and the write-off of obsolete inventory.

The end of 1972 saw the introduction of a new high density packaging material called Hydene®. Hydene has been marketed by Reed International as a bag material in South Africa and the United Kingdom with considerable success for a number of years. Anglo has the exclusive rights to Hydene in Canada.

In addition, the end of 1972 saw the beginning of a major reorganization which should improve the performance of weaker areas and assure unified effort throughout the division.

Environment

Substantial capital investment will be required within the next two or three years to meet proposed government environmental standards.

Unfortunately, this investment produces no improvement in earnings and cannot be economically justified without substantial government assistance in the form of grants or low interest loans.

Industrial Relations

Nine collective agreements were negotiated during 1972. Eighteen are to be negotiated in 1973 with major contracts at the Quebec Division mill expiring April 30, 1973 and at the Dryden Division mill December 31, 1973.

During 1972, the Company's management was reorganized and restructured. A management committee was formed, made up of senior executives representing the various key corporate functions, with the intention of better co-ordinating the Company's activities and facilitating its expansion and growth.

This committee meets at least once a month to review performance and outlook. It approves requests for capital, annual business plans, and all plans and objectives of the Company.

The management committee is chaired by the President and Chief Executive Officer and includes the following:

R. C. Buser, Vice-President and General Manager, Technical Division. The Technical Division is responsible for the state of excellence of the Company's internal processes and technology, the design and construction of all plants and facilities, for supplying research and development services to the rest of the Company, and for all environmental matters. In addition, it develops and markets technical processes and know-how on a world-wide basis to companies outside of Anglo.

M. J. Foley, Vice-President. Mr. Foley retired from full-time service, effective January 1, 1973. He has, however, agreed to remain as a consultant to the Company's marketing operations, and will continue as a member of the management committee.

K. D. Greaves, Vice-President, Operations. Operations is responsible for all woodlands operations and the procurement of virgin fibre, as well as for the manufacture of pulps, papers, paperboard, newsprint, chemicals and lumber.

A. C. Hill, Vice-President, Marketing. Marketing is responsible for sales and marketing of the company's pulps, papers, paperboard, newsprint, chemicals and lumber.

T. S. Jones, Vice-President, Planning and Administration. Planning and Administration is responsible for the corporate activities in planning, economic analysis, personnel, industrial relations, information systems, purchasing and transportation, and for coordinating these activities with the divisions.

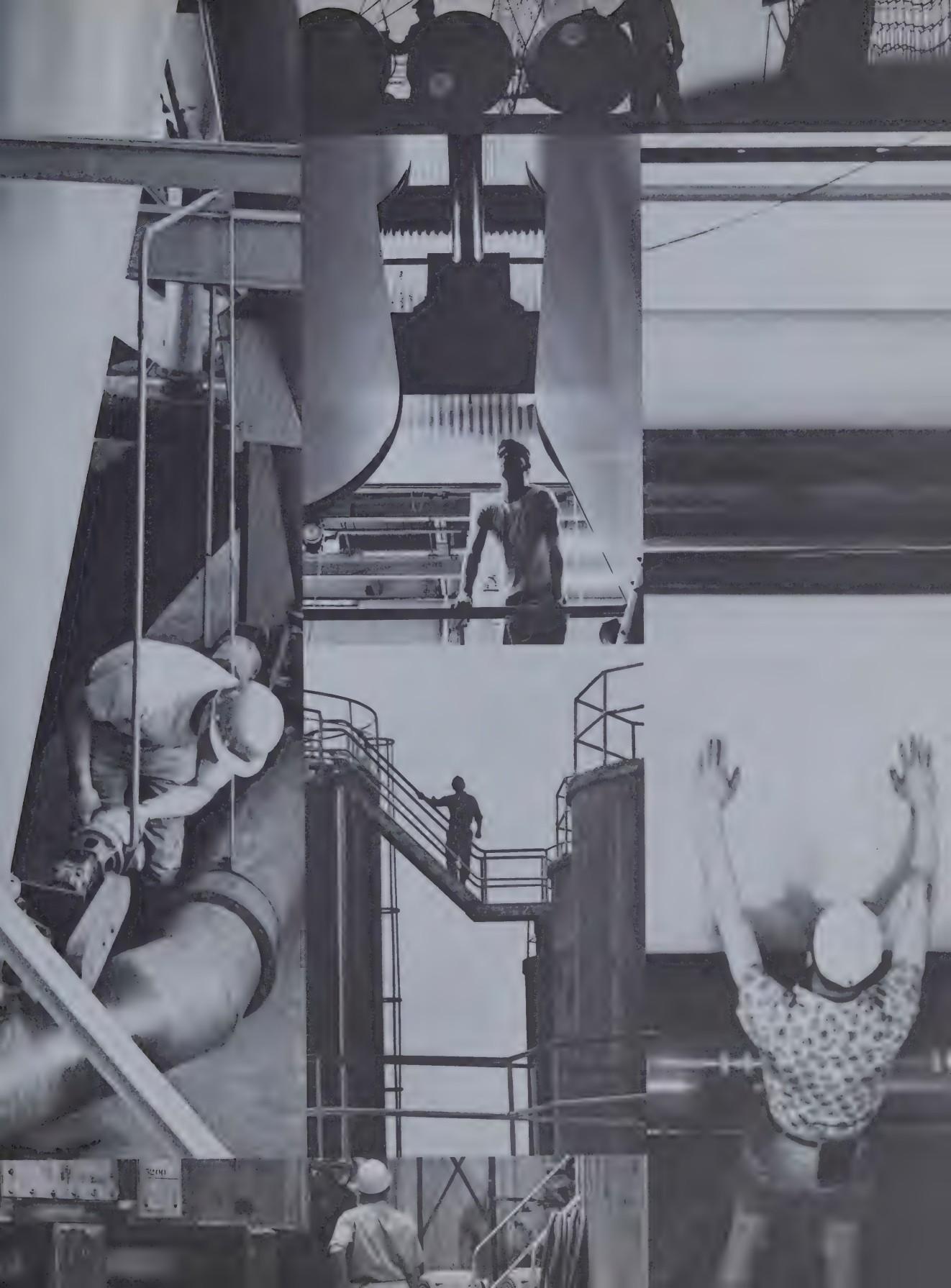
J. A. Koven, General Manager, Corrugated Division. The Corrugated Division is responsible for production of linerboard and medium, and for the manufacture and sale of corrugated boxes.

D. Krever, General Manager, Recycling Division. The Recycling Division is responsible for procurement and marketing of secondary fibres and for assuring the company of a reliable supply of secondary fibre.

J. A. Ross, Vice-President, Finance. Finance is responsible for all corporate financial activities, as well as setting financial policy and procedures for the divisions.

J. Winn, Vice-President. Mr. Winn is responsible for special projects in the operations area.

E. R. Zukowski, General Manager, Converting and Distributing. Converting and Distributing is responsible for production and sales of paper and polyethylene bags, and for the distribution of purchased paper products.



Statement of Combined Financial Position (note 1)

Anglo-Canadian Pulp and Paper Mills, Limited

as at December 31, 1972		1972	1971
Current assets			
Cash		\$ 1,783,318	2,038,993
Short term deposits		417,000	1,370,000
Accounts receivable		25,322,245	23,039,461
Due from affiliated companies		4,077,778	4,598,630
Income taxes recoverable		—	560,933
Inventories (note 2)		28,942,712	32,385,058
Prepaid expenses		1,164,703	1,222,367
Total current assets		61,707,756	65,215,442
Current liabilities			
Bank loans		7,137,837	10,991,254
Bankers' acceptances		4,100,000	5,700,000
Notes and mortgages payable		1,499,342	1,217,578
Accounts payable		16,592,379	14,716,347
Owing to affiliated companies		273,525	1,837,154
Dividends payable		592,359	595,172
Taxes on income		1,052,802	—
Debenture instalments due within one year		1,172,875	1,251,875
Total current liabilities		32,421,119	36,309,380
Working capital		29,286,637	28,906,062
Land, buildings, machinery, equipment and timber limits (note 3)		53,250,322	56,223,920
Other assets			
Investment in associated and other companies, at cost (note 4)		1,771,255	1,756,165
Receivables not currently due		194,667	241,100
Trade marks		125,000	125,000
Deferred expenditure		—	98,088
Excess cost of shares of subsidiary companies over book values of their net assets, at dates of acquisition		17,268,047	16,331,959
		19,358,969	18,552,312
		101,895,928	103,682,294
Long-term liabilities			
Notes and mortgages payable (note 5)		6,365,224	6,942,991
Debentures (note 6)		15,590,062	17,425,938
		21,955,286	24,368,929
Deferred income taxes		5,370,623	4,904,324
Minority interest (note 7)		7,731	7,694
		27,333,640	29,280,947
Shareholders' equity		\$ 74,562,288	74,401,347
Represented by			
Preferred shares (note 8)		\$ 9,438,000	9,688,000
Common shares (note 8)		29,618,775	29,618,775
Retained earnings (note 9)		35,505,513	35,094,572
		\$ 74,562,288	74,401,347

See accompanying notes to combined financial statements.

On behalf of the Board:
 R. W. Billingsley, Director
 Hazen Hansard, Director

Statement of Combined Earnings (note 1)

Anglo-Canadian Pulp and Paper Mills, Limited

Year ended December 31, 1972	1972	1971
Sales	\$125,401,609	113,523,028
Cost of sales including administrative, selling and general expenses	114,109,039	102,840,408
Depreciation and depletion (note 10)	5,527,871	5,578,915
Interest on long-term liabilities	1,459,971	1,681,025
	121,096,881	110,100,348
Earnings from operations	4,304,728	3,422,680
Investment income	238,430	241,917
Other income	255,750	387,098
Earnings before income taxes and extraordinary items	4,798,908	4,051,695
Taxes on income	1,776,675	1,454,898
Current		
Deferred	466,299	484,087
	2,242,974	1,938,985
Earnings before extraordinary items (note 11)	2,555,934	2,112,710
Extraordinary items (note 12)	125,398	441,025
Net earnings	\$ 2,681,332	2,553,735
Earnings per common share (note 11)	Earnings before extraordinary items	39¢
	Net earnings	39¢
		31¢

Statement of Combined Retained Earnings (note 1)

Year ended December 31, 1972	1972	1971
Retained earnings at beginning of year	\$ 35,094,572	34,821,045
Add:		
Net earnings	2,681,332	2,553,735
Gain on retirement of preferred shares	101,521	103,545
	37,877,425	37,478,325
Less:		
Dividends on preferred shares	427,185	439,026
Dividends on common shares	1,944,727	1,944,727
	2,371,912	2,383,753
Retained earnings at end of year	\$ 35,505,513	35,094,572

See accompanying notes to combined financial statements.

Notes to the Combined Financial Statements

Anglo-Canadian Pulp and Paper Mills, Limited

as at December 31, 1972

	1972	1971
1) In 1968 a subsidiary company acquired all of the outstanding participating preference shares of an affiliated company. The participating preference shares are voting shares, but do not carry with them a majority vote at shareholders' meetings; however, such shares do	carry with them the right to virtually all dividends and any other distributions to shareholders of the assets of the affiliate, and accordingly it has been considered appropriate to combine the financial statements of that affiliate with the consolidated financial statements of Anglo-Canadian Pulp and Paper Mills, Limited. The accompanying combined statements have been prepared in accordance with the principles usually applied in preparing consolidated financial statements.	
2) Inventories		
	Finished products	7,076,576
	Mill supplies	7,191,358
	Pulpwood and logging supplies — including expenditures on logging operations in progress	14,674,778
		32,385,058
	Finished products have been valued at the lower of cost or net realizable value and all other inventories at the lower of cost or replacement cost.	
3) Land, buildings, machinery and equipment	\$ 156,469,810	153,768,438
	At cost:	
	At depreciated replacement values as at September 30, 1940 as appraised by the Canadian Appraisal Company Limited	2,577,309
		2,577,309
		159,047,119
		156,345,747
	Less:	
	Grants received under government development assistance programmes	1,924,995
	Provision to cover losses related to the planned disposal of certain operations	1,700,000
	Accumulated depreciation	105,616,766
		100,316,033
		109,241,761
	Residual amount	\$ 49,805,358
		52,729,201
Timber limits and lands	\$ 5,158,669	5,158,669
	At cost:	
	At valuation determined in 1920 on the basis of \$1 per cord of standing pulpwood timber	2,233,120
		2,233,120
		7,391,789
	Less: Accumulated depletion	3,946,825
		3,897,070
	Residual amount	3,444,964
		3,494,719
		\$ 53,250,322
		56,223,920
4) Investment in associated and other companies	\$ 406,641	1,128,640
	Associated companies:	
	Shares, at cost	
		\$ 406,641
	Other companies:	
	Shares quoted on stock exchanges, at cost (market value \$502,345; 1971 — \$279,210)	559,164
	Unquoted shares and debentures, at cost	805,450
		1,364,614
		627,525
		\$ 1,771,255
		1,756,165
5) Notes and mortgages payable		
	Notes:	
	Non-interest bearing, forgivable, Ontario Development Corporation loans	\$ 573,908
	7%, due to bank, payable \$125,000 quarterly to 1976	2,000,000
	Non-interest bearing, payable \$315,000 in 1973, and \$215,000 annually 1974 to 1976	960,000
	Other	117,731
	Mortgages:	
	6%, payable \$200,000 annually to 1975 and \$90,000 in 1976	690,000
	7 1/4 %, payable \$54,920 monthly including principal and interest to June 1, 1979	3,384,077
	Other	138,850
		7,864,566
	Deduct balance due within one year included in current liabilities	1,499,342
		1,217,578
		\$ 6,365,224
	Instalments due in each of the next five years	
	1973 — \$1,499,342; 1974 — \$1,431,175;	
	1975 — \$1,465,357; 1976 — \$1,382,063;	
	1977 — \$606,500	

as at December 31, 1972	1972	1971
6) Debentures		
Anglo-Canadian Pulp and Paper Mills, Limited:		
6½ % sinking fund, Series "A"; Maturity 1978.	\$ 2,957,000	3,247,000
5% sinking fund, Series "B" U.S. \$4,300,000; Maturity 1984.	4,404,937	4,619,813
6½ % sinking fund, Series "C"; Maturity 1986.	6,039,000	6,371,000
Dryden Paper Company, Limited:		
4¾ % sinking fund; Maturity 1974.	3,754,000	4,700,000
	17,154,937	18,937,813
Less debentures held for sinking fund:		
1972 requirements	—	231,000
1973 requirements	392,000	29,000
	392,000	260,000
	16,762,937	18,677,813
Less due within one year included in current liabilities	1,172,875	1,251,875
	\$ 15,590,062	17,425,938
Approximate instalments due in each of the next five years, after deducting debentures cancelled or held for 1973 sinking fund requirements		
1973 — \$1,172,875; 1974 — \$4,000,000; 1975 — \$1,000,000; 1976 — \$1,100,000; 1977 — \$1,200,000.		
7) Minority interest		
Common shares (including applicable proportion of retained earnings)	\$ 7,606	7,561
Interest of outside shareholders in combined affiliated company	125	133
	\$ 7,731	7,694
8) Capital stock		
\$2.80 cumulative redeemable sinking fund preferred shares — authorized, issued and redeemed:		
160,000 shares at a par value of \$50 each.		
4½ % cumulative redeemable convertible preferred shares — authorized 600,000 shares at a par value of \$25 each, voting, redeemable on 30 days' notice at \$27.25 each plus accrued dividends, convertible to 1½ common shares each until October 31, 1973 and to 1¼ thereafter until October 31, 1976.		
Outstanding at beginning of year 387,520 shares	\$ 9,688,000	9,938,000
Deduct: Retired during year 10,000 shares	250,000	250,000
Outstanding at the end of year 377,520 shares	\$ 9,438,000	9,688,000
Common shares without nominal or par value:		
Authorized 10,000,000 shares		
Outstanding 5,402,019 shares	\$ 29,618,775	29,618,775
Of the 4,597,981 common shares unissued at December 31, 1972, 566,280 are reserved to satisfy the conversion right attaching to the outstanding 4½ % preferred shares.		
9) Retained earnings include \$777,258 being the cost of 4½ % preferred shares retired to date, presently constituting a special surplus not available for distribution under Section 142 of the Companies Act (Quebec). Retained	earnings also include contributed surplus of \$612,865, an increase of \$101,521 during the year representing the gain on retirement of preferred shares in 1972. The distribution of retained earnings, so far as	dividends on the common shares is concerned, is restricted under the terms of the trust agreement securing the sinking fund debentures. At December 31, 1972, the amount of retained earnings so restricted was \$10,500,000.

		1972	1971
as at December 31, 1972			
10)	Depreciation and depletion have been provided on the same basis as in the preceding year:		
	Depreciation	\$ 5,478,116	5,523,281
	Depletion	49,755	55,634
		\$ 5,527,871	5,578,915
11)	Conversion of the 4½% preferred shares into common shares would have no dilutive effect on the earnings per common share.		
12) Extraordinary items			
	Income tax reduction due to loss carry-over of combined affiliated company (see below)	\$ 125,398	835,958
	Income tax reduction due to other losses carried over	—	51,411
	Capital profit on disposal of equipment	—	383,656
		125,398	1,271,025
	Less:		
	Provision to cover losses related to the planned disposal of certain operations (\$1,700,000 less income taxes of \$870,000)	—	830,000
		\$ 125,398	441,025
An affiliated company, the accounts of which are included in these combined statements, had either incurred or provided for losses which were available to be carried forward and deducted for income tax purposes. Before a subsidiary of Anglo-Canadian Pulp and Paper Mills, Limited acquired virtually a total equity	interest in that affiliate, a holder of the notes payable of that affiliate agreed to a compromise with the affiliate with respect to all of the notes not then covered by assets of that affiliate. Under the compromise the affiliate is required to make payment equal to the value of the aforementioned assets, plus certain other	contingent amounts, including one-third of the tax reductions effected by utilizing the loss carry-over. The amount outstanding on the notes is recognized as a liability in the accounts only to the extent of that portion that is presently and uncontingently payable under the agreement.	
13) Contingent liabilities and commitments			
a) The actions referred to in previous Annual Reports against Dryden Paper Company, Limited and Dryden Chemicals Limited for alleged mercury pollution of certain lakes and rivers in Northwestern Ontario and Manitoba are still pending and have not been brought on for trial. In the Manitoba case, our pre-trial attack on the constitutional validity of the Manitoba statute, upon which that action	purports to be founded, proved successful in the first court. An appeal by the Plaintiff to the Manitoba Court of Appeals has been heard but no judgment yet rendered thereon. It is still not possible to estimate ultimate liability, if any, arising out of these proceedings. b) Commitments for capital expenditures \$580,000. c) Annual rentals for major contractual obligations in respect of long-term leases for	vessels, equipment and office premises aggregate approximately \$1,500,000. Such leases expire at various dates to 1984. d) Supplementary pension costs arising from increases in past service benefits and other revisions to employees' pension plans are being amortized over periods of up to nineteen years. At December 31, 1972, the unfunded liability was estimated at \$1,073,000.	
14)	Direct remuneration of directors and senior officers for 1972 was \$511,184.		
15) Balances in other currencies have been expressed in Canadian dollars as follows	Current assets and current liabilities at exchange rates in effect at December 31, 1972, capital assets at rates in effect at dates of acquisition and long-term liabilities at rates in effect when debt incurred.		

Statement of Combined Source and Application of Funds (note 1)

Anglo-Canadian Pulp and Paper Mills, Limited

Year ended December 31, 1972		1972	1971
Source of funds			
Net earnings	\$ 2,681,332	2,553,735	
Charges not requiring an expenditure of funds:			
Depreciation and depletion	5,527,871	5,578,915	
Deferred income taxes	466,299	484,087	
Deferred expenditure written-off	98,088	35,397	
Provision to cover losses related to the planned disposal of certain operations	—	830,000	
Funds provided from operations	8,773,590	9,482,134	
Gain on retirement of preferred shares	101,521	103,545	
Notes	3,284	3,044,100	
Development incentive grants	313,924	146,200	
Disposal of fixed assets	263,095	461,097	
Reduction in receivables not currently due	61,051	17,226	
Working capital of subsidiary company acquired during the year	461,829	—	
Other items	12,948	12,455	
Total funds provided	9,991,242	13,266,757	
Application of funds			
Additions to fixed assets	2,698,736	3,934,471	
Reduction in long-term liabilities	3,110,019	3,853,813	
Dividends on common and preferred shares	2,371,912	2,383,753	
Acquisition of shares in subsidiary company (\$1,800,000) less amount formerly carried as investment in associated company (\$725,000) and less long-term portion of note payable (\$645,000)	430,000	—	
Retirement of 10,000, 4½ % preferred shares	250,000	250,000	
Investment in debentures of non-associated company	750,000	—	
Total funds used	9,610,667	10,422,037	
Working capital increase	\$ 380,575	2,844,720	

See accompanying notes to combined financial statements.

Auditors' Report

To the Shareholders of Anglo-Canadian Pulp and Paper Mills, Limited

We have examined the statement of combined financial position of Anglo-Canadian Pulp and Paper Mills, Limited and its subsidiary companies and the affiliated company, referred to in note 1 to the financial statements, as at December 31, 1972 and the related statements of combined earnings, retained earnings and source and

application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly, on a combined basis, the financial position of the companies at December 31, 1972 and the results of their operations and the source and application

of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Peat, Marwick, Mitchell & Co.
Chartered Accountants*

Quebec, Que.
February 12, 1973.

A Ten-year Comparison

Anglo-Canadian Pulp and Paper Mills, Limited

		1972	1971
Production	Pulp, paper and paperboard (tons)	617,608	571,841
Sales and Earnings (\$'000)			
Sales	\$125,402	\$113,523	
Depreciation and Depletion	5,528	5,579	
Interest on Long-Term Debt	1,460	1,681	
Taxes on Income	2,243	1,939	
Earnings before extraordinary items	2,556	2,113	
Net Earnings	2,681	2,554	
Financial Position (\$'000)			
Working Capital	\$ 29,287	\$ 28,906	
Land, Buildings, Machinery, Equipment and Timber Limits	162,814	160,437	
Accumulated Depreciation and Depletion	109,564	104,213	
Capital Expenditures	2,699	3,934	
Long-Term Liabilities	21,955	24,369	
Common Shareholders' Equity	65,124	64,713	
Per Common Share*			
Earnings before extraordinary items	\$ 0.39	\$ 0.31	
Net Earnings	0.42	0.39	
Dividends	0.36	0.36	
Equity	12.06	11.98	

* Figures for 1963 and 1964 have been adjusted to reflect the 4 for 1 subdivision of common shares in 1964.

1970	1969	1968	1967	1966	1965	1964	1963
624,870	588,423	543,780	560,846	610,128	568,666	577,017	534,878
\$114,053	\$107,264	\$ 98,570	\$ 93,557	\$ 97,134	\$ 90,189	\$ 78,195	\$ 67,654
5,661	5,287	5,137	5,148	4,914	4,444	4,467	4,089
1,702	1,651	1,442	1,504	1,427	1,154	954	991
2,267	2,898	2,832	3,402	6,426	7,255	7,112	5,577
2,413	3,168	2,866	3,296	5,934	6,774	6,862	5,313
3,159	4,002	2,866	3,296	5,934	6,774	6,862	5,313
\$ 26,061	\$ 26,817	\$ 29,825	\$ 32,031	\$ 35,266	\$ 29,816	\$ 34,771	\$ 27,632
159,180	154,720	149,078	138,593	131,842	126,376	121,815	106,703
98,994	93,985	90,484	85,928	81,352	77,773	74,973	66,484
5,484	9,342	11,288	7,616	7,040	6,418	5,970	3,954
25,189	28,130	28,739	25,324	26,420	20,115	27,618	16,829
64,440	63,569	61,969	61,519	61,891	56,581	53,016	49,386
\$ 0.36	\$ 0.50	\$ 0.44	\$ 0.52	\$ 1.00	\$ 1.21	\$ 1.26	\$ 0.97
0.50	0.66	0.44	0.52	1.00	1.21	1.26	0.97
0.36	0.36	0.36	0.72	0.66½	0.50	0.50	0.50
11.93	11.77	11.47	11.39	11.58	11.19	10.48	9.77

Principal Subsidiary and Affiliated Companies

Anglo-Canadian Pulp and Paper Mills, Limited

Operations and Plant Locations	Products	Sales Organization and Sales Office Locations
Pulp and Paper Manufacture		
Anglo-Canadian Pulp and Paper Mills, Limited; Quebec City	Newsprint, Unbleached sulphite pulp, Paperboard	Anglo Paper Products, Limited <i>sales representatives for products of the Quebec and Dryden plants.</i> Quebec City, Montreal, Toronto, Winnipeg.
Dryden Paper Company, Limited; Dryden, Ont.	Bleached, unbleached & specialty Kraft pulps, Bleached & unbleached Kraft papers & board, Envelope & fine papers, Converted paper products.	Montmorency Paper Company, Inc. <i>sells products of the Quebec and Dryden plants in the United States.</i> New York, Chicago.
Converting and Packaging		
Gulf Pulp and Paper Company -Acme Paper Products Company -Anglo Packaging Company Acme Paper Products Inc. Inter Provincial Bag Limited	Corrugated containers, Linerboard & corrugating medium, Paper and polyethylene bags.	<i>Sales are effected directly by the various manufacturing companies in the Group, and by the following distributing companies:</i> Quebec Containers Limited Anglo Packaging (Quebec) Limited Quebec City, Montreal, Ottawa, Toronto, Hamilton, London, Winnipeg.
Woods-Dryden Paper Bags Ltd.	Distributors of a broad range of paper goods and allied products. Shopping, notion and millinery bags, grocery and carry-out sacks.	
Chemicals		
Dryden Chemicals Limited; Dryden, Ont.	Hydrochloric acid, Chlorine, Caustic soda, Sodium chlorate.	<i>Sales are effected by each unit.</i>
Lignosol Chemicals Division; Quebec City	Modified lignosulphonates.	
Lumber		
Colenso Lumber Company; Red Lake Road, Ont.	Lumber and other wood products.	<i>Sales are effected directly.</i>
Recycling		
Krever Fibres Limited	Procurement and marketing of secondary fibre.	<i>Sales are effected directly.</i>
Other Companies		
Anglo-Southern Paper Corporation Hope Timberlands Inc.	Hold property in the Southern United States.	
The Bersimis Mining Company (No personal liability)	Engaged in exploration for mineral deposits.	
St. Charles Transportation Company, Limited	Operates vessels transporting pulpwood and other general cargo.	

Principales filiales et compagnies associées

Entreprises et lieux des usines	Produits	Organismes de vente et lieux des bureaux de vente	Fabrication des pâtes et papiers
Anglo-Canadian Pulp and Paper Mills, Limitee; Québec	Papier journal, pâte au bisulfite écrue, carton.	Anglo-Paper Products, Limitee des usines de Québec, Montréal, Toronto, Winnipeg, Québec, Montréal, Québec et de Dryden.	Anglo-Paper Company, Limitee; Dryden des usines de Québec, Montréal, Toronto, Winnipeg, Québec, Montréal, Québec et de Dryden.
Dryden Paper Company, Limitee; Ontario	Pâtes kraft écrues, blanches et spéciales, papiers et cartons Kraft écrus et blanchis, papiers fins et à enveloppes, produits de papier transformés.	Gulf Pulp and Paper Company des usines de Québec, Montréal, Toronto, Winnipeg, Québec, Montréal, Québec et de Dryden.	Transformation et emballages
Gulf Pulp and Paper Company	Boutique en carton ondulé, carton à doubleur et à ondulé, sacs en papier et en polyéthylène. Distributeurs d'une ligne de variété de produits en papier et de nouveaux emballages. Sacs à sables, sacs à empentes.	Par les groupes de par les compagnies de fabrication des usines de Québec, Montréal, Toronto, et de Dryden.	Produits chimiques
-Acme Pulp and Paper Company	Boutiques en carton ondulé, carton à doubleur et à ondulé, sacs en papier et en polyéthylène. Distributeurs d'une ligne de variété de produits en papier et de nouveaux emballages. Sacs à sables, sacs à empentes.	Les ventes sont effectuées directement par les compagnies de fabrication des usines de Québec, Montréal, Toronto, et de Dryden.	Récyclage
Dryden Chemicals Limited; Dryden (Ontario), Brandon (Man.)	Acide chlorhydrique, chlore, soude caustique, chlorate de sodium. Les ventes sont effectuées directement.	Bois d'œuvre	Krever Fibres Limited
Colenso Lumber Company; Red Lake (Ontario)	Bois d'œuvre et dérivés du bois. Les ventes sont effectuées directement.	Approvisionnement et vente de fibres de recupération.	Autres compagnies
Other Fibres Limited	Les ventes sont effectuées directement.	Les ventes sont effectuées directement.	Anglo-Southern Paper Corporation
The Berisimis Mining Company (No personal liability)	Pratique la prospection minière. Des Etats-Unis.	Détiennent des propriétés dans le sud des Etats-Unis.	The Berisimis Mining Company (No personal liability)
Hope Timberlands Inc.	Possède des bateaux qui transportent le bois à pâte et des cargaisons diverses.	Possède des bateaux qui transportent le bois à pâte et des cargaisons diverses.	ST. Charles Transportation Company, Limited

Anglo-Canadian Pulp and Paper Mills, Limitee
et compagnies associées

1970	1969	1968	1967	1966	1965	1964	1963
624,870	588,423	543,780	560,846	610,128	568,666	577,017	534,878
\$114,053	\$107,264	\$ 98,570	\$ 93,557	\$ 97,134	\$ 90,189	\$ 78,195	\$ 67,654
5,661	5,287	5,137	5,148	4,914	4,444	4,467	4,089
1,702	1,651	1,442	1,504	1,427	1,154	954	991
2,267	2,898	2,832	3,402	6,426	7,255	7,112	5,577
3,143	3,168	2,866	3,296	5,934	6,774	6,862	5,313
3,159	4,002	2,866	3,296	5,934	6,774	6,862	5,313
\$ 26,061	\$ 26,817	\$ 29,825	\$ 32,031	\$ 35,266	\$ 29,816	\$ 34,771	\$ 27,632
159,180	154,720	149,078	138,593	131,842	126,376	121,815	106,703
98,994	93,985	90,484	85,928	81,352	77,773	74,973	66,484
5,484	9,342	11,288	7,616	7,040	6,418	5,970	3,954
25,189	28,130	28,739	25,324	26,420	20,115	27,618	16,829
64,440	63,569	61,969	61,519	61,891	56,581	53,016	49,386
\$ 0.36	\$ 0.50	\$ 0.44	\$ 0.52	\$ 1.00	\$ 1.21	\$ 1.26	\$ 0.97
0.50	0.66	0.44	0.52	1.00	1.21	1.26	0.97
0.36	0.36	0.44	0.52	1.00	1.21	1.26	0.97
11.93	11.77	11.47	11.39	11.39	11.19	10.48	9.77

*Les chiffres pour les années 1963 et 1964
ont été ajustés afin de tenir compte du
frac-tionnement des actions ordinaires, en
1964, à raison de 4 pour 1.

Comparaison décenale		Ventes et bénéfices (\$'000)		Situations financière (\$'000)		Par action ordinaire*	
Production totale	Pâte, papier et carton (tonnes)	617,608	571,841	Fonds de roulement	\$ 29,287	\$ 28,906	160,437
	Ventes	\$125,402	\$113,523	Profillets, usines, outillage et concessions	\$ 29,287	\$ 28,906	104,213
	Amortissement et épuisement	5,528	5,579	Forêts	162,814	160,437	3,934
	Intérêts sur dette à long terme	1,460	1,681	Amortissement et épuisement accumulés	109,564	104,213	2,699
	Impôts sur le revenu	2,243	2,113	Immobilisations	21,955	24,369	2,699
	Bénéfices avant postes extraordinaires	2,556	1,939	Passif à long terme	21,955	24,369	3,934
	Avoir des actions-actions ordinaires	65,124	64,713	Avoir des actions-actions ordinaires	65,124	64,713	0,42
	Bénéfices nets	\$ 0,39	\$ 0,31	Bénéfices avant postes extraordinaires	\$ 0,39	\$ 0,31	0,39
	Dividendes	0,36	0,36	Dividendes	0,36	0,36	0,36
	Avoir	12,06	11,98	Avoir	12,06	11,98	11,98

(e) Débentures au 31 décembre 1972						
Anglo-Canadian Pulp and Paper Mills, Limited:						
6 1/4 % à fonds d'amortissement, série "A"; échéance 1978	\$ 2,957,000	3,247,000				1972
5 3/4 % à fonds d'amortissement, série "B"; E.U.						
4,404,937	4,619,813					
6,039,000	6,371,000	392,000	29,000	—	231,000	Exigences 1972
6,371,000	6,371,000	392,000	29,000	—	231,000	Monts débentures détenus aux termes des exigences des fonds d'amortissement;
4,700,000	4,700,000	3,754,000	3,247,000	17,154,937	18,937,813	Exigences 1973
4,700,000	4,700,000	392,000	29,000	—	231,000	Monts débentures détenus aux termes des exigences des fonds d'amortissement;
6,371,000	6,371,000	392,000	29,000	16,762,937	18,677,813	Monts le soldé à payer en dégâts d'un an, inclus dans le passif à court terme
1,251,875	1,251,875	392,000	29,000	392,000	392,000	Monts le soldé à payer en dégâts d'un an, inclus dans la combinaison des actions de l'extérieur des bénéfices non répartis (y compris la part applicable aux termes des obligations approximatives échéant dans l'an futur des compagnies affiliées combinées)
125	125	7,606	7,606	7,606	7,606	Actions ordinaires cumulatives, émisées et rachetées — autres — à fonds d'amortissement;
133	133	7,731	7,731	7,731	7,731	Actions ordinaires sans valeur nominale ou au porteur:
9,438,000	9,438,000	9,688,000	9,688,000	9,688,000	9,688,000	Autorisées, 10,000,000 actions
250,000	250,000	250,000	250,000	250,000	250,000	En circulation à la fin de l'exercice 377,520 actions
387,520	387,520	Monies: rachetées durant l'exercice 10,000 actions				En circulation au début de l'exercice 1976: action par la suite jusqu'au 31 octobre 1976; chaque année jusqu'au 31 octobre 1973, et en 1 1/4 échus, renouvelables en 1 1/2 action par année prévues à 27,25 chacune plus les dividendes avec droit de vote rachetables à 30 jours de cotations du marché au prix de \$25 chacune, tablées en contreparties — autorisées, 600,000 actions privilégiées, 4 1/2 % cumulatif, rachetées chaque année, une valeur au prix de \$50
Actions ordinaires sans valeur nominale ou au porteur nommable ou émisées aux détenteurs de privilégiées jusqu'au 31 octobre 1976:						Actions ordinaires sans valeur nominale ou au porteur nommable ou émisées aux détenteurs de privilégiées jusqu'au 31 octobre 1976:
9,618,775	9,618,775	\$ 29,618,775	\$ 29,618,775	\$ 29,618,775	\$ 29,618,775	Des 4,597,981 actions ordinaires non émises au 31 décembre 1972, 566,280 sont réservées pour statuer au droit de conversion différent aux détenteurs privilégiées 4 1/2 % en circula-
Actions ordinaires sans valeur nominale ou au porteur nommable ou émisées aux détenteurs de privilégiées jusqu'au 31 octobre 1976:						La préparation des bénéfices non répartis, en ordinaire, est restituée en vertu des clauses ce qui concerne les bénéfices sur les actions ordinaires, soit le résultat 142 de la loi sur les compagnies du Québec. Les bénéfices non répartis comprendent pour préparation un surplus spécial non disponible pour préparation, en vertu de l'article 142 de la loi sur les compagnies du Québec, qui prévoit que les bénéfices non répartis doivent être réservés jusqu'à ce qu'ils soient utilisés pour préparation.

Notes aux états financiers combinés

Etat combiné des bénéfices (note 1)

EXERCICE TERMINÉ LE 31 DÉCEMBRE 1972		EXERCICE TERMINÉ LE 31 DÉCEMBRE 1971	
Bénéfices nets	\$125,401,609	113,523,028	1972
Coût des ventes, y compris les dépenses d'administration, les dépenses de vente et les frais généraux	114,109,039	102,840,408	5,527,871
Amortissement et épuisement (note 10)	1,459,971	1,681,025	5,578,915
Intérêts sur le passif à long terme	121,096,881	110,100,348	4,304,728
Bénéfices d'exploitation	3,422,680	3,451,695	4,798,908
Impôts sur le revenu	4,051,695	4,051,695	Revenus divers
Bénéfices avant déduction des impôts sur le revenu et postes extraordinaires	1,776,675	1,454,898	Courants
Postes extraordinaires (note 11)	2,242,974	1,938,985	Reportés
Bénéfices nets	2,112,710	2,112,710	Postes extraordinaires (note 12)
Bénéfice par action ordinaire (note 11)	441,025	441,025	Bénéfices nets
Bénéfice avant postes extraordinaires	2,681,332	2,681,332	\$ 2,681,332
Bénéfice net	394	394	\$ 2,681,332
Bénéfice par action ordinaire (note 11)	394	394	Bénéfices nets
Pluis:	1971	1972	EXERCICE TERMINÉ LE 31 DÉCEMBRE 1972
Moins:			
Moins: dividendes sur les actions ordinaires	427,185	2,553,735	Bénéfices nets
Papier journal	1,944,727	1,944,727	Moins: dividendes sur les actions ordinaires
Dividendes sur les actions ordinaires	2,371,912	2,383,753	Dividendes sur les actions ordinaires
Bénéfices non reportés à la fin de l'exercice	\$ 35,505,513	\$ 35,094,572	Dividendes sur les actions ordinaires
Voir les notes annexées aux détails financiers combinés.			

Anglo-Canadian Pulp and Paper Mills, Limited

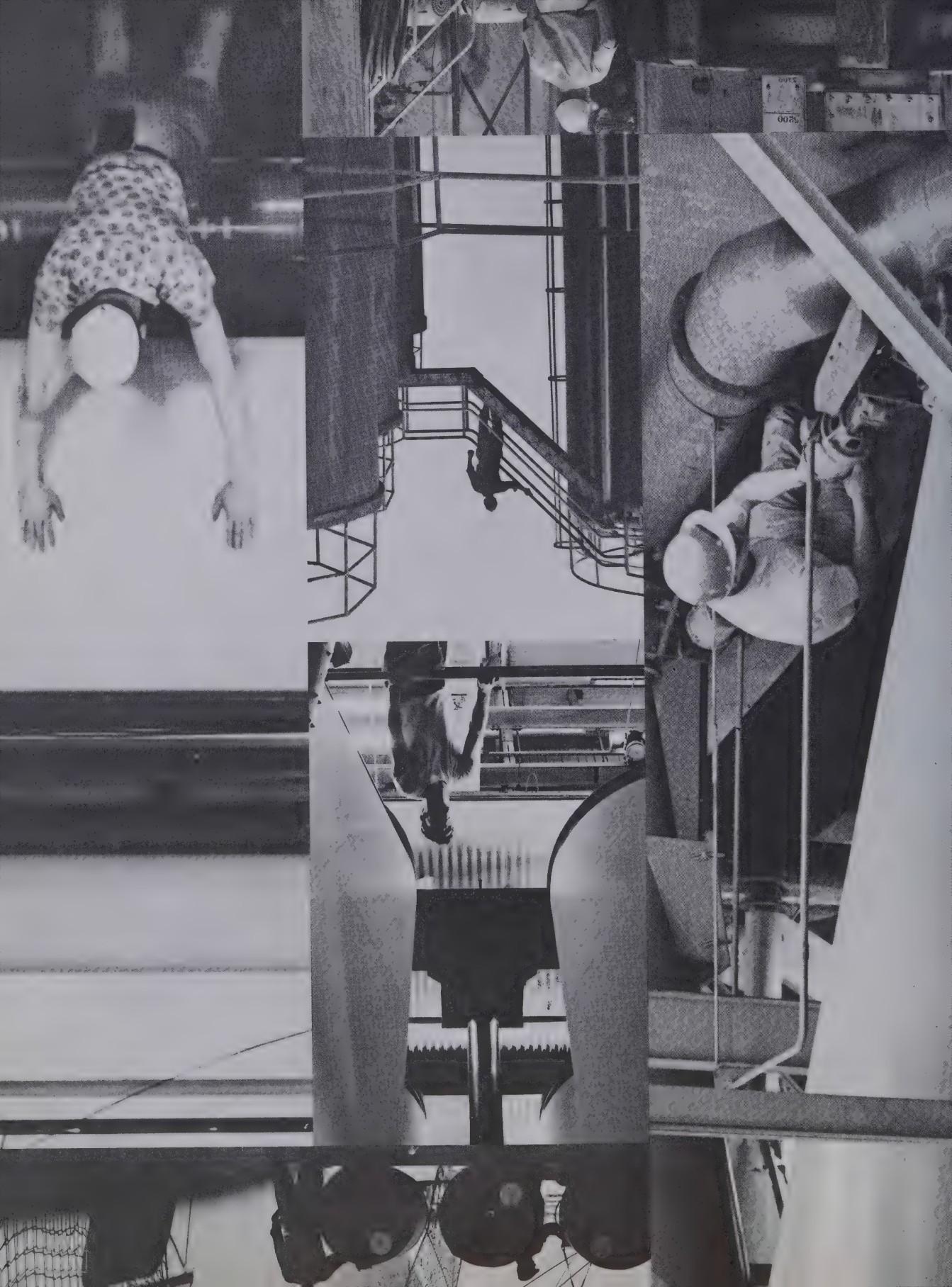
Etat combiné de la situation financière (note 1)

Anglo-Canadian Pulp and Paper Mills, Limited

Hazzen Hanssard, administrateur

voir les notes annexées aux états financiers combinés.

Actif à court terme		Passif à court terme	
Encaisse	\$ 1,783,318	Depots à court terme	Depots à court terme
2,038,993	1,370,000	417,000	25,322,245
23,039,461	9,688,630	4,598,630	Stocks (note 2)
4,598,630	560,933	32,385,068	Frais payés d'avance
65,215,442	1,222,367	1,164,703	Total de l'actif à court terme
7,137,837	4,100,000	1,499,342	Comptes à payer
10,991,254	5,700,000	1,217,578	Acceptations bancaires
10,991,254	65,215,442	16,592,379	Emprunts bancaires
7,137,837	6,1707,756	14,716,347	Montants dus aux compagnies affiliées
7,137,837	6,1707,756	273,525	Dividendes à payer
7,137,837	1,052,802	592,359	Impôts sur le revenu
7,137,837	1,172,875	d'un an	Débentures remboursables en dégå
7,137,837	32,421,119	36,309,380	Total du passif à court terme
7,137,837	28,906,062	29,286,637	Fonds de roulement
7,137,837	56,223,920	53,250,322	Autres actifs
7,137,837	1,756,165	1,771,255	Associées et dans d'autres compagnies,
7,137,837	241,100	194,667	Comptes à recevoir, non courants
7,137,837	125,000	125,000	Marques de commerce
7,137,837	—	—	Frais reportés
7,137,837	98,088	16,331,959	Excédent du coût des actions des filiales
7,137,837	18,558,969	101,895,928	Débentures (note 6)
7,137,837	103,682,294	17,425,938	Billets et hypothèques à payer (note 5)
7,137,837	6,365,224	6,942,991	Actions ordinaires (note 8)
7,137,837	15,590,062	17,425,938	Actions privilégiées (note 8)
7,137,837	21,955,286	24,368,929	Impôts sur le revenu reportés
7,137,837	5,370,623	5,370,623	Autre des actionnaires
7,137,837	4,904,324	7,694	Représenté par
7,137,837	29,280,947	74,401,347	Bénéfices non répartis (note 9)
7,137,837	74,562,288	\$ 74,562,288	\$ 74,562,288
7,137,837	7,694	7,694	74,401,347



Nouvelle organisation

Au cours de l'année 1972, la direction de la compagnie a fait l'objectif d'une modernisation structurelle et d'organisation. Il a été formé un comité de direction où siégeait les principaux administrateurs représentant nos activités commerciales et dirigeants du secteur public tout en facilitant son expansion et ses progrès.

Le comité se réunit au moins une fois par mois afin d'examiner les résultats de la compagnie tout en examinant son expansion et ses projets.

Le comité de direction a été formé au moins une fois par deux semaines pour examiner les demandes relatives à l'approbation des programmes et les objectifs.

Tous les programmes annuels doivent être approuvés par le comité de direction. Les membres doivent être nommés par le président et le directeur général et comprendre les membres suivants:

Total de 24,862 tonnes courtes, soit une augmentation de 23,430 tonnes par rapport à 1971. Celle est du tonnage intermédiaire à l'augmentation de 23,430 tonnes par rapport à 1971. Celui-ci est dû à la fin de l'activité de station de la compagnie du Séchoir No 2, mise en service à la fin de 1971.

Produits transformés et distribut

à cause de retards, d'occuper les fonctions permanentes qu'il résulte des périodes où la compagnie le poste de conseiller en commerce et de conseiller à siéger comme membre du comité de direction.

K. D. Geraets, Vice-président, exploitation.

Le service de l'exploitation est responsable de toutes les activités forestières, de l'obtention des fibres végétales ainsi que de la production de pâtes, papiers, carton, papier journal, produits chimiques et bois d'œuvre.

A. C. Hill, Vice-président, commercialisation.

Le service de commerce et la vente en marche des produits forestiers, de l'exploitation commerciale et de la vente de bois d'œuvre.

T. S. Jones, Vice-président, planification et administration. Le service de planification et administration est responsable des activités générales de la compagnie en ce qui concerne la planification, l'analyse économique, le personnel, les relations industrielles, le relèvement de l'information, les fonctions d'achat, les transports. Il est également responsable de la coordination de ces diverses activités parmi les divisions de la compagnie.

J. A. Koenen, directeur général, division des cartons à onduler. Cette division est responsable de la production du carton à double et du carton à onduler, ainsi que de la fabrication de la vente des boissons en carton.

D. Krevet, directeur général, division du recyclage. La division du recyclage est responsable de l'obtention de la matière première pour la fabrication des fibres de récupération.

Environment

Carton ondule et emballages
du volume des ventes effectuées par la division
des emballages de la carrière ondulé continue
sa progression avec une augmentation de
14,1% par rapport à 1971, alors que pour l'est
du Canada la augmentation globale du marché
d'emballages a été de 12,8%. Cette situation favorable
à nos efforts dans la région du Québec
est due à la demande importante d'emballage
à l'industrie en bonne mesure à l'inten-
sité de nos efforts dans la région du Québec
ou notre part du marché total ne cesse de
s'améliorer. En Ontario, nous réussissons à
maintenir notre position malgré la mise en
service de trois nouvelles usines de carton-
nage dans la région de Toronto.

L'usine de production de carton à attein-
te son洁outes 4% à la fin du mois d'octobre.
L'usine de production de carton avec un
presseur, la limite de sa capacité avec un

Carton oudule et emballages

La volume des ventes de l'ignousiphonates a augmenté d'un peu plus de 6%. Mais l'importation d'engrais chimiques les plus protéiformes a dépassé celle de l'ignousiphonates. Il faut noter une augmentation des bénéfices à la distribution des nouveaux substances destinées à l'agriculture et aux engrangements.

Ensuite, le rebondissement dont a bénéficié Dynder a été quelque peu diminué au débit de blanchiment en provenance de l'usine de Béziers qui a rencontré des difficultés dans sa production chimique. Le résultat de cette crise a été de réduire le volume des ventes de l'ignousiphonates de 1971.

acclimatation de l'aborigène, Ryden Chumashai

défavorable imposé par les douanes américaines, en dépit aussi de la présence sur le marché d'une concurrence agressive des canadiennes, nos efforts ont porté particulièrement sur la vente de papiers Kraft binchis et il a été possible, en cours d'année, d'effectuer cer- taines augmentations de prix.

Le volume des ventes de carton à sensi- blement été ramené au même niveau qu'en 1966 lorsque nous avons obtenu une position dominante dans ce domaine. Afin d'améliorer notre production à court terme, nous avons acheté 33%, ce qui a représenté la seule majoration importante dans nos cours de l'an passé. Nous devons faire face à un certain accroissement de la demande et nous devons nous adapter à ce changement. Le prix du carton a augmenté de 3%, ce qui a été limité par la demande de papier produit en ligne. Les prix de certains produits ont été portés au niveau des dernières augmentations de prix.

Les qualités et les marchés les plus avantageux sont ceux qui sont les moins demandés et la vente de certains produits à court terme est difficile à obtenir.

Sous-dévise : **Bois d'œuvre**

La demande de bois d'œuvre a connu une accroissance intense tout au cours de l'année et l'importance de la demande s'est manifestée dans la période des prix. Il y a toute raison de croire que la demande restera forte pendant au moins un certain temps.

En 1972, la production a augmenté de 16% et s'est élevée à 124,133,000 pieds cubes. Au cours de l'année, la capacité annuelle de production a été étendue à 135,000,000 pieds cubes. Vers la fin de 1972 il nous avons proposé de faire une installation d'un nouveau séchoir à bois desservant à recouvrir 55% de cette production.

Le marché pour les bois d'œuvre a été stimulé par l'amélioration de la demande des papieriers fins qui ont continué à produire.

Les améliorations dans ce domaine ont continué à pro-
gresser. Au cours du second trimestre il a été possible d'effectuer des augmentations de prix les plus fortes dans ce domaine de l'industrie à Pro-

papiers fins, papiers kraft et carton

Le résultat nous avons continué nos efforts pour augmenter au maximum la production et nos cours du premier trimestre de 1973 l'usine de Dryden a battu un nouveau record de production quatrième.

Le marché du bois d'œuvre a connu une croissance importante dans le secteur des bois de chauffage. Vers la fin novembre un nouveau schéma à recouvrir 85% de cette production.

Le succès de la scierie est annuel de production de 1972 la production a atteint 14,1 millions de pieds cubes. Au cours de l'année la capacité annuelle de production a été dépassée à 35,000,000 pieds cubes.

Le succès de la scierie a permis d'atteindre 1973 un nouveau record de 1973. En effet due à la demande forte de bois de chauffage pour la saison de chauffage que le prix se maintient à un niveau élevé tout au cours de l'année.

Le succès de la scierie a permis d'atteindre 1973 un nouveau record de 1973. En effet due à la demande forte de bois de chauffage pour la saison de chauffage que le prix se maintient à un niveau élevé tout au cours de l'année.

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Bois d'œuvre

Les encorces il fut décidé de procéder à l'augmentation des stocks. L'arrivée du décret d'août permettra à l'ensemble de l'industrie de faire face au manque criant de stocks. Cependant la rédistribution des prix a été effectuée en niveau de 1973 pour tous les articles et il sera attendre 1973 pour que les prix soient basés au niveau normal.

Le niveau de production de l'ensemble de l'industrie a été atteint en novembre 1973. Les cours augmenteront au maximum la production et l'emploi dans l'ensemble de l'industrie.

Vers la fin de l'année, tous les marchés des possibles d'obtenir sur tous les marchés des augmentations de prix marginales. En dépit de la présence du prix marginal, il est difficile d'obtenir un autre augmentation de prix que celle qui résulte du démantèlement de la structure de l'industrie en 1972. Toutefois le début de 1973 a été marqué par l'annulation du débit de 30% de la production totale. Nous avons continué nos efforts pour améliorer la production et d'améliorer la qualité. Il en est résulté au début de 1973 à l'usine de Québec, deux records de production hebdomadaire. Au début de 1972 les perspectives pour la pâte kraft extrêmement sombres en raison, au cours du premier trimestre, d'une réduction du prix de la pâte kraft entièrement branchée de \$7,00 la tonne et d'un effacement total de la demande sur tous les marchés.

Paper Journal

Rapport sur les activités de 1972

Les ventes pour l'année 1972 se sont élevées

Les ventes pour l'année 1972 se sont élevées à 1,8 quelque de \$125,401,609 — soit une augmentation de 10,5% par rapport aux résultats enregistrés en 1971. Cette amélioration est due en grande partie au déclin du volume des produits vendus, un substantiel du journal de la Presse et du Journal du Québec, deux journaux qui ont connu une forte croissance au cours des dernières années.

Les bénéfices vaut possètent des extraordinaires sont élevés à \$2,555,934 — soit une amélioration de 343,224 pour rapport à l'exercice 1997. Les bénéfices vaut possètent des extraordinaires sont élevés à \$2,555,934 — soit une amélioration de 343,224 pour rapport à l'exercice 1997. Les bénéfices vaut possètent des extraordinaires sont élevés à \$2,555,934 — soit une amélioration de 343,224 pour rapport à l'exercice 1997. Les bénéfices vaut possètent des extraordinaires sont élevés à \$2,555,934 — soit une amélioration de 343,224 pour rapport à l'exercice 1997. Les bénéfices vaut possètent des extraordinaires sont élevés à \$2,555,934 — soit une amélioration de 343,224 pour rapport à l'exercice 1997.

Le résultat obtenu au titre des dividendes versés annuelles, le total des dividendes versés annuelles, le total payé au cours des cinq dernières années. Le tout dans un tableau qui présente les deux dernières années et les cinq dernières années.

Les résultats de la vente de nos produits sont excellents. Nous avons acheté 50% du capital, importations de Kevlar Fibres limitées, importations de fibres de verre et de fibres de verre en filaments. A la fin de l'expédition, nous avons reçus le reste du capital de cette compagnie. Par conséquent, l'accès à la passif de cette compagnie nous donne un état combiné de la situation financière au 31 décembre 1972.

J.A. Ross,
vice-president, finance

R. W. Billingsley
Président et directeur général

Au nom du conseil d'administration

Assurer une expérience unique.
Les administrateurs souhaitent exprimer leurs remerciements aux cétacés et aux clients pour l'apport continu qu'ils leur ont apporté, ainsi qu'aux employés pour les efforts qu'ils ont fournis en 1972.

La modélisation des structures interne et la reorganisation de la direction de la compagnie, commencées en 1972, se termineront en 1973.

possibilités novatrices d'investissement. de manière à réduire, à long terme, son degré de subordination énergetique aux producteurs, qui constituent essentiellement les secteurs à des cycles économiques prononcés. et l'Anglo-Canadien a lancé un programme en titres de remplacement le bois de coupe. A deux mois de la fin des opérations menées par le secteur pendant de longues années, les producteurs ont été probablement les premiers à percevoir l'effacement de ses activités. Il est probable que la première de ces entreprises a acheté des actions de la compagnie de transport de la Gaspésie et du Saguenay, dont le siège social est à Trois-Rivières. Notre intention est d'utiliser cette promotion dans un secteur particulièrement expansif dans un secteur particulièrement dépendant des fibres de bois.

Mais en même temps l'Anglo-Canadian

A high-contrast, black-and-white photograph showing a vast, sprawling pile of discarded plastic straws. The straws are scattered across the frame, creating a dense, textured pattern of light-colored, curved, and broken pieces against a dark background. The lighting highlights the edges and ends of the straws, emphasizing their sheer volume and environmental impact.

Rapport financier

Laabsence de son jugeement, de son expé-
riment et des ses connaissances sur tout prolon gedement
ressentis au sujet pas le conseil d'administration
que per ses collègues.

Monsieur R. W. Billingsley, vice-président
élu du président et directeur général.
Monsieur D. Rose a donné sa démission
du siège qu'il occupait au conseil d'adminis-
tration. Son évolution fut très loyale et honnête
la compagnie lors de sa présence au sein du
conseil d'administration dont il hauteurment
d'administration dans le conseil du conseil
de administratifs. Ses derniers mots furent
que devraient être remplis les sièges
devenus vacants par suite des démissions et
de la nomination du nombre des membres
autorisée par la loi pour la démission de générale
des sociétaires.



Rapport du Conseil d'administration aux actionnaires de la compagnie

L'Organisation Anglo-Canadien

Réserve générée

Production (tonnes)

Usine de Québec

Papier journal

Carton

Pâtes au blisulfite écrue

33,190 35,718 (7,1)

Pâtes kraft, écrues et blanches

126,730 103,396 22,6

Papier kraft et papiers fins

67,543 64,551 4,6

Usine de Dryden

Produits pour doubleur et carton à onduleur

24,862 23,430 6,1

Total, pâte à papier, papier et carton

617,608 571,841 8,0

Transformations et emballages

93,446 89,554 3,6

Produits chimiques

Dryden (chloration, chlore-acalai, acide chlorhydrique)

27,758 24,232 14,6

Benefices nets

\$ 2,555,934 \$ 2,112,710 21,0

Bénéfices avant postes extraordinaires

\$ 2,681,332 \$ 2,553,735 5,0

Par action ordinaire

Bénéfices nets avant postes extraordinaire

\$ 0,39 \$ 0,31 25,8

Dividendes

\$ 0,36 \$ 0,36 —

Mouvements de trésorerie

\$ 1,55 \$ 0,39 7,7

Bénéfices nets

\$ 0,42 \$ 0,31 22,116,000

Sacs en plastique
sacs en papier,
sacs d'œuvre

Boîtes en carton ondule
Boîtes fins

Emballages en carton ondule

19,247,000

Papier journal

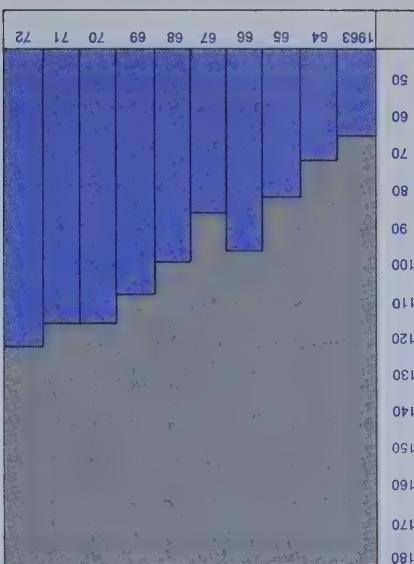
1972 \$42,807,000

Ventes (en millions de dollars)

1972 1972, dépasse

Le chiffre de \$125,000,000.
L'organisation emploie environ six mille personnes et ses rentes ont, en 1972, dépassé

4



La division du recyclage achète des fibres aux fins de revente.
de récupération dont le recyclage est effectué par les compagnies au sein de l'organisation,

produits chimiques bruts et spécialisés

Boîts d'œuvre de forte densité

Sacs en papier

Boîtes en carton ondule

Papier fines

Papier journal

Fabrications

Papier kraft et pâle kraft

Group Canada Limited, filiale de la Reed

Toronto et de Montréal et 90% de ses actions ordinaires sont détenues par la Reed Paper

Group Canada Limited, filiale de la Reed

des actions sont cotées aux bourses de Toronto et de Montréal et 90% de ses actions

ordinaires sont détenues par la Reed Paper

Des actions sont cotées aux bourses de

le chiffre de \$125,000,000.

Personnes et ses rentrées ont, en 1972, dépassé

le chiffre de \$125,000,000.

l'organisation emploie environ six mille

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Administrateurs
et Direction
SII 31 Mars 1973

au 31 Mars 1973

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Administrateurs et Direction

le 31 Mars 1973



Rapport Anglo-Canadian Pulp
and Paper Mills Limited
annual